

THIRTY-EIGHTH REPORT

**STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(2002)**

(THIRTEENTH LOK SABHA)

***NON-OBSERVANCE OF GUIDELINES LAID DOWN BY GOVERNMENT IN
ALLOTING RETAIL OUTLETS AND LPG DISTRIBUTORSHIPS BY DEALER
SELECTION BOARDS***

MINISTRY OF PETROLEUM & NATURAL GAS

Presented to Lok Sabha on 20.12.2002

Laid on Rajya Sabha on 20.12.2002

**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2002/Agrahayana, 1924 (Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON
PETROLEUM AND CHEMICALS (2002)**

SHRI MULAYAM SINGH YADAV- Chairman

MEMBERS
Lok Sabha

- 2 Shri Ashok Argal
- 3 Dr. Chellamella Suguna Kumari
- 4 Shri Ram Chander Baina
- 5 Shri Ananda Mohan Biswas
- 6 Shri Padam Sen Choudhry
- 7 Prof. Kailasho Devi
- 8 Shri P.D. Elangovan
- 9 Shri Dilipkumar Mansukhlal Gandhi
- 10 Smt. Sheela Gautam
- 11 Shri Paban Singh Ghatowar
- 12 Shri Bijoy Handique
- 13 Shri Shriprakash Jaiswal
- 14 Shri C. Kuppusami
- 15 Shri Jagannath Mallick
- 16 Shri Punnulal Mohale
- 17 Shri P. Mohan
- 18 Shri Ashok N. Mohol
- 19 Dr. Debendra Pradhan
- 20 Shri Ram Sajivan
- 21 Shri Mohan Rawale
- 22 Shri Shyama Charan Shukla
- 23 Dr. V. Saroja
- 24 Dr. Chhatrapal Singh
- 25 Shri Prabhunath Singh
- 26 Shri Ramjiwan Singh
- 27 Dr. Ram Lakhan Singh
- 28 Shri Shankersinh Vaghela
- 29 Shri Ratilal Kalidas Varma
- 30 Dr. Girija Vyas

Rajya Sabha

- 31 Shri Balkavi Bairagi
***32 Shri Ram Nath Kovind
33 Shri Anil Kumar
****3 Vacant
4
35 Shri Rajiv Ranjan Singh 'Lalan'
36 Shri Mool Chand Meena
37 Shri Dipankar Mukherjee
**38 Shri Pritish Nandy
39 Shri Ahmed Patel
***40 Shri Keshubhai Savdasbhai Patel
41 Shri Yadlapati Venkat Rao
42 Ms. Mabel Rebello
43 Shri Gaya Singh
*44 Shri Thanga Tamilselvan
45 Prof. Ram Gopal Yadav

SECRETARIAT

- | | | | |
|----|--------------------|---|----------------------|
| 1. | Shri P.D.T. Achary | - | Additional Secretary |
| 2. | Shri K.V. Rao | - | Joint Secretary |
| 3. | Shri P.K. Grover | - | Director |
| 4. | Shri R.K. Saxena | - | Under Secretary |
| 5. | Shri A.K. Shah | - | Committee Officer |

* *Nominated w.e.f. 8th April, 2002.*

** *Nominated w.e.f. 8th May, 2002.*

*** *Nominated w.e.f. 14th May, 2002.*

**** *Vacancy caused consequent upon retirement of Shri Shyam Lal, MP(RS) from the membership of Rajya Sabha w.e.f. 25.11.2002.*

COMPOSITION OF SUB-COMMITTEE CONSTITUTED TO LOOK INTO COMPLAINTS ON NON-OBSERVANCE OF THE GUIDELINES LAID DOWN BY THE GOVERNMENT IN ALLOTING RETAIL OUTLETS AND LPG DISTRIBUTORSHIPS BY DEALER SELECTION BOARDS OF THE STANDING COMMITTEE ON PETROLEUM & CHEMICALS (2002)

Shri Mulayam Singh Yadav - Chairman

Members

Lok Sabha

2. **Sh. Shankersinh Vaghela - Convenor**
3. Dr. (Smt.) Chellamella Suguna Kumari
4. Smt. Sheela Gautam
5. Sh. Prabhunath Singh

Rajya Sabha

6. Sh. Rajiv Ranjan Singh 'Lalan'
7. Sh. Dipankar Mukherjee
8. Prof. Ram Gopal Yadav

INTRODUCTION

I, the Chairman, Standing Committee on Petroleum and Chemicals (2002) having been authorised by the Committee to submit the Report on their behalf present this Thirty-Eighth Report on 'Non-observance of Guidelines laid down by Government in allotting Retail Outlets/LPG Distributorships by Dealer Selection Boards (DSBs)'.

2. The subject was examined by Standing Committee on Petroleum & Chemicals (2002). Before this the Committee had already presented their 22nd Report on Evaluation of Guidelines of Dealer Selection Boards to the Speaker on 28th December, 2001 and to Lok Sabha on 26th February, 2002. The Sub-Committee on Non-observance of Guidelines laid down by Government in allotting Retail Outlets/LPG Distributorships by Dealer Selection Boards (DSBs) decided to examine various complaints regarding irregularities in allotments of Retail Outlets dealerships/LPG distributorships by Dealer Selection Boards by soliciting views of complainants who had applied for these allotments after issuance of 9th October, 2000 Guidelines for selection by DSBs. The Sub-Committee examined these complaints as also similar complaints pending with the Ministry. The Sub-Committee also sought clarifications from State Governments about income, political affiliations etc. of the beneficiary of allotments of Retail Outlets and LPG distributorships. The Sub-Committee took evidence of the representatives of Ministry of Petroleum & Natural Gas at their sittings held on 2nd May and 21st October, 2002 and evidence of four Oil PSUs of Bharat Petroleum Corporation Ltd. (BPCL), Hindustan Petroleum Corporation Ltd. (HPCL), Indian Oil Co. Ltd. (IOCL) and IBP Ltd. on 21st October, 2002.

3. The Committee wish to express their thanks to officers of the Ministry of Petroleum and Natural Gas and representatives of BPCL, HPCL, IOCL and IBP for placing their views before them and for furnishing the information desired in connection with examination of the subject.

4. The above Sub-Committee considered and adopted this Report at their sitting held on 19th December, 2002.

5. The Standing Committee on Petroleum and Chemicals (2002) considered and adopted this Report at their sitting held on 19th December, 2002. The Committee place on record their appreciation of the work done by the above Sub-Committee.

6. The Committee also place on record their sense of deep appreciation for the invaluable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

NEW DELHI
December 19, 2002
Agrahayana 28, 1924 (Saka)

MULAYAM SINGH YADAV
Chairman
Standing Committee on
Petroleum & Chemicals

REPORT

PART – I

BACKGROUND ANALYSIS

INTRODUCTORY

The Government of India, Ministry of Petroleum and Natural Gas issued guidelines on 9th October, 2000 for selection of Retail Outlets Dealerships/LPG Distributorships. These guidelines superseded the earlier guidelines issued by the Ministry on the same subject in the year 1997 and amended from time to time till 14th October, 1998. The objective of issuing these guidelines was to provide transparent, uniform, fair and faster procedure for selection of suitable candidates as Dealers/Distributors. Consequent upon issuance of these guidelines Ministry of Petroleum and Natural Gas constituted 59 Dealer Selection Boards across the country which started functioning in the form of selecting the retailers and distributors. The Committee received several complaints from the public as well as from the Members of Parliament that these Dealer Selection Boards were not performing objectively and the complaints related to non-observance of guidelines in allotment of Retail Outlets and LPG Distributorships. The Committee decided to look into these complaints. The Committee (2001) constituted a Study Group to look into the complaints of non-observance of guidelines laid down by the Government in allotting Retail Outlet Dealerships and LPG Distributorships by Dealer Selection Boards. The Study Group collected some material related to the subject but on its suggestion the Committee decided to first evaluate the guidelines framed for Dealer Selection Boards before proceeding further. The Committee had evaluated the guidelines and presented their 22nd Report to Speaker on 28th December, 2001 and later presented the same to Lok Sabha on 26th February, 2002. The following were the main recommendations of the Committee.

- | S.No. | Recommendation of the Committee(28th Feb. 2002) |
|--------------|---|
| 1. | Auctioning of Retail Outlets and LPG distributorships subject to fulfilment of social objective by restructuring of bids and by putting cap on income . For this constitution of Expert Committee recommended for bringing objectivity in evaluation of candidates. |
| 2. | Empanelling of suitable persons for selection as Chairmen of Dealer Selection Boards (DSBs) and till then dissolution of DSBs. |

3. Transparency in appointment and dispensing with the services of Chairmen of Dealer Selection Boards.
4. Equating the powers of Chairmen of DSB with other Members.
5. Constitution of Expert body to lay down norms for evaluating the candidates.
6. Preferring cooperatives/ corporations in allotment of Retail Outlets/ Dealerships/ LPG Distributorships.
7. Expediting decision of cases of discretionary quota allotment (538 in Defence/ Paramilitary category and 30 in Central/ State Govt. Category). Treating these allotments at par with 'Operation Vijay' Allotments.
8. Strengthening of Grievance Redressal System consisting of Anti-Adulteration Cell (AAC) with a Director-General, 4 Regional Directors and 28 Investigating officers since all the positions in the Cell have not been filled up and AAC be given full autonomy.
9. Establishing an institutional system to investigate grievances of Chairmen of DSBs.

2. However, the Committee found from the action taken replies from the Government on this Report that the Government have not responded positively to these recommendations and, therefore, in the Action Taken Report presented to the Lok Sabha on 25.11.2002 reiterated their earlier recommendations. However, the Government decided to do away with the system of selection of Retail Outlets by the Dealer Selection Boards on 9th May, 2002. Thereafter, the Government decided to allow the PSUs to select their retailers and distributors as per the guidelines framed by them and approved by the Government of India. These guidelines have not yet been finalised. With the result that all allotments in respect of the marketing locations have not been approved and are awaiting final allotment.

CHAPTER I

GUIDELINES ON ALLOTMENT FOR RETAIL OUTLETS AND LPG DISTRIBUTORSHIPS

A. Guidelines for Allotment

The Government Policy on Allotment for Retail Outlets and LPG Distributorships has been in the form of guidelines for selection of dealers for these Retail Outlets and LPG distributorships issued from time to time. The first Guidelines was issued in April, 1997 which were subsequently amended in June, 1997, 31st October, 1997 and 14th October, 1998.

1.2 The present Guidelines were issued on 9th October, 2000 superceding all the earlier Guidelines. These Guidelines inter-alia include the following:-

- I Eligibility criteria for dealers and distributorships etc.
- II. Reservations for Dealership/ distributorships for various categories.
- III. Dealer Selection Process, constitution of Dealer Selection Boards, Advertisement, scrutinising of applications, interview, Time schedule etc.

1.3 The eligibility criteria for dealers and distributorships and Dealer Selection Process have been the subject matter of debate and complaints. These are elucidated in succeeding paragraphs.

(a) Eligibility Criteria for Dealerships and Distributorships

1.4 The Guidelines have defined the various criteria for dealers and distributors. The detailed guidelines form part of Appendix I of 22nd Report of the Standing Committee on Petroleum and Chemicals (2001) on the subject. Following are the important definitions and their explanatory notes and these have been subject matter of complaints made by applicants against the different allotments in violations of guidelines:-

- (i) Income
- (ii) Residence
- (iii) Multiple Dealerships
- (iv) Conviction
- (v) Dealer Selection Boards.

1.5 For the purpose of guidelines the allotment of Retail Outlets and LPG Distributorships by Dealer Selection Boards the above factors have been defined as under:-

Definitions

(i) Income: Income means the gross income of the candidate per annum. The Income for this purpose will include that of self, spouse and dependent children. If the candidate is dependent on parents, then their income will also be taken into consideration for computing total income.

(ii) Residence: The term residence has not been defined in the guidelines. However, the eligibility of residence has been further clarified category-wise as under:-

Scheduled Castes/ Scheduled Tribes (SC/ST) and Physically Handicapped Persons (PH) Categories: Resident of the District of the advertised location and adjoining districts as mentioned in the

advertisement with preference to the residents of the district where dealership is to be located.

Paramilitary/ Police/ Govt. Personnel (PMP) /Defence Personnel (DC), Freedom Fighters (FF), Outstanding Sports Persons (OSP) categories: residents of any district in the State will be eligible to apply with preference to the residents of the district in which the location is advertised.

Open Category: Resident of the district in which location is advertised will only be eligible.

(iii) **Multiple Dealerships:** The multiple dealerships means a person himself and/ or along with his close relations having more than one Letters of Intent (LOIs) for dealerships/ distributorships.

(iv) **Conviction** means conviction of a person for any criminal offence involving moral turpitude/ economic offence (other than freedom struggle).

(v) **Dealer Selection Board**

“Dealer Selection Board is a body of person set up by the Government for making selection of dealers/ distributors of MS-HSD retail outlets and SKO LDO dealerships and LPG distributorships.”

Explanations to Definitions

1.6 The above existing guidelines for the purpose of selection of Dealerships/ Distributorship contain the following explanations in regard to different criteria like income, multiple dealership etc.

1.7 (i) **Income**

Clause 1.2.7 of the Guidelines for the purpose of income explains as under:

1.2.7.1 The gross income of the candidate should not exceed Rs. 2 lakh per annum in the previous financial year. The income of this purpose will include that of self, spouse and dependent children. If the candidate is dependent on parent, then their income will also be taken into consideration for computing total income. However, any ex-gratia income or any such one time lumpsum income which is not of recurring nature will not be taken as annual income.

1.2.7.2 **Proof of Income**

The candidate will have to furnish an affidavit sworn before a Magistrate or Notary Public containing statement of income from all the sources such as salary, property, interest dividend business/ profession / vocation, agriculture and other sources, if any including persons mentioned in 1.2.7.1 . If the applicant is payee of income tax, income tax certificate shall be attached.”

(ii) Multiple Dealerships:

1.8 Clause 1.2.8 of the Guidelines stipulate as under:-

(i) *Self*

No person or an eligible Society shall be awarded a new dealership/ distributorship, if the applicant or the Society already holds a Letter of Intent or dealership/ distributorship of Motor (MMS)/ High Speed Diesel (HSD)/ Superior Kerosene Oil Light Diesel Oil (SKO-LDO) Liquefied Petroleum Gas (LPG) of any oil company.

(ii) *Relations*

No person shall be awarded a new dealership/ distributorship if he/ she or any of his/ her close relatives (including step relatives as given below already holds Letter of Intent or dealership/ distributorship of any oil company).

Other than physically handicapped persons (OH) category		Physically Handicapped persons (PH) category	
(a)	Spouse	(a)	Spouse
(b)	Father/ Mother	(b)	Father/ Mother
(c)	Brother/ Brother's wife (Not applicable for women applicants)	(c)	Father/ Mother
(d)	Son/Daughter-in-law		

1.9 **(i) Grounds of disqualification**

The Clause 1.3 of the Existing Guidelines for selection of Dealers and Distributorship stipulate the following grounds for disqualification stating as under:-

“The candidate will be disqualified if he/ she is:

- (i) not an Indian national
- (ii) not of prescribed age
- (iii) not possessing prescribed educational qualification

- (iv) not fulfilling the prescribed residency criteria,
- (v) having multiple dealership
- (vi) convicted by Court of Law,
- (vii) of unsound mind
- (viii) not a full time dealer/ distributor
- (ix) having income more than Rs. 2 lakh per annum, or
- (x) guilty of willfully giving wrong information.

Convictions:

Candidates convicted for any criminal offence involving moral turpitude/ economic offences, (other than freedom struggle) would not be eligible for dealerships/ distributorships and if such a person is allotted the dealership/ distributorship by suppression of information it will be cancelled.”

(b) **Association of PSUs/ Ministry on formulation of Guidelines**

(i) **Association on Formulation of Guidelines**

1.10 The Committee during the course of examination found that these guidelines are prone to manipulations. The Committee wanted to know whether representatives of oil companies were associated in finalisation of these guidelines. The CMD, BPCL replied as under:-

“The Oil Industry was fully associated in the drafting of the guidelines in consultation with the Ministry. In fact, the draft was prepared by the Oil Industry under the convenership of the then JS, Marketing. Several rounds of discussion had taken place and whatever the old OSB guidelines were there, they were looked at as the base papers; whatever the pitfalls were there which the Oil Industry had anticipated were covered to a large extent starting from the nominees on the OSBs. Earlier, they were all outsiders.”

1.11 Tracing the history of selection process, Oil industry submitted in a written note as under:-

“Association of Oil Industry in formulating guidelines for OSB/ DSBs and subsequent revision.”

Effective September, 81 the selection of dealerships/ distributorships was made by a Committee consisting of representatives from Oil Companies and a representative from Ministry not below the rank of a Deputy Secretary.

Ministry vide letter no. P-19011/10/82-IOC dated 9th Feb. 83 advised constitution of Oil Selection Boards (OSBs) for selection of dealerships/ distributorships. Originally two OSBs were constituted for North and South.

Subsequently two more OSBs were added for East and West. The OSBs were located at Delhi, Madras, Calcutta and Ahmedabad.

In February, 90 OSBs were re-constituted and the number of Boards was increased from 4 to 6 by bifurcating OSB (N) and OSB (W). The headquarters of the Boards were located at Delhi, Chandigarh, Ahmedabad, Bombay, Calcutta and Madras.

The Ministry vide letter no. P-39012/1/87-IOC (1) dated 1st January, 93 advised the Oil Companies about the re-constitution of the OSBs mentioned above and increased the number of Boards from 6 to 18. The new Boards consisted of:

- (i) A retired judge of the High Court as Chairman
- (ii) A representative of SC/ST/ other weaker sections as a member &
- (iii) A prominent public figure as a second member

The performance of these OSBs was not upto the expectation of the Government as communicated vide MOP&NG office Memorandum dated 1st April, 97.

Accordingly, a review of the then existing policy guidelines on the subject was considered and the OSBs were terminated vide letter no. P-19011/56/95-IOC dated 5th March, 97. Ministry vide letter no. P-19011/56/95-IOC dated 1st April, 97 advised Oil companies about the revised policy guidelines for selection of the RO dealers/ LPG distributors with effect from 1st April, 97 and re-constitution of all the Selection Boards. The Boards were re-named as 'Dealer Selection Board' (DSB). The new Board consisted of:

- (i) A retired judge of a High Court - Chairman
- (ii) An Officer not below the rank of Deputy GM of concerned Oil Marketing Company- Member
- (iii) An Officer not below the rank of Deputy GM of another Oil Company - Member

The Selection Boards (DSBS) were terminated vide Ministry's letter P-19015/56/95-IOC dated 14th October, 98.

Ministry vide letter No. P-19011/56/95-IOC (ii) dated 14th October, 98 advised the Oil Companies about reconstitution of the DSBs and the number of Boards was increased from 14 to 50. Also vide letter P-39012/1/1999-IOC dated 9th October, 2000, the DGM rank officer was allowed to be substituted by Chief Manager rank officer.

The composition of the Dealer Selection Boards will be as under:-

- (i) A retired judge of High Court or Retd. Distt. Judge- Chairman
- (ii) An Officer not below the rank of Chief Manager - Member
of one/ concerned Oil Company
- (iii) An Officer of the rank of Chief Manager of - Member
another oil company.

The DSBs also been dissolved by MOP&NG vide their letter no. P-19011/12/2001-IOC (Pt.) dated 9th May, 2002.”

(ii) Award of Marks

1.12 The Ministry by amendment of the original guidelines enhanced the powers of the Chairmen and gave him 200 marks for evaluating the candidates as against 100 marks of the other two Members. Justifying these Ministry of Petroleum and Natural Gas stated that on receipt of suggestions by some of the Chairmen of Dealer Selection Boards, Government decided to give them higher weightage for the assessment of the candidates. The Ministry officials referred to the conference of the DSBs held in December, 2000 where some of the Chairmen were supposed to have demanded it. At this conference only one or two Chairmen had asked for this enhanced weightage for assessing the candidates. The Committee had expressed the view that by empowering the Chairman with 200 marks the objectivity of the selection has been sacrificed. The power of the Chairman became more critical when one of the two Members nominated on the selection Board did not participate in the selection process. It was reported that in 62 cases there were single Member on the Board. The Committee wanted to know the views of the oil industry on the specific issue of giving higher weightage to Chairman than the other two Members and during evidence the representative of the oil industry stated:-

“We had the meeting and the oil industry also participated. This was discussed in fact in the presence of all of us. There were mixed views. Some people said that there should be 100.”

1.13 The representatives of the oil industry admitted before the Committee that they were not formally consulted when the Government decided to enhance the powers of the Chairman.

1.14 Apart from the issue of weightage of marks, the other controversial issues related to the norms for evaluating the candidates. It has been provided in the guidelines para 3.10.1 that DSBs would judge the inter se suitability of the candidates for all categories except Defence Personnel (DC) on some prescribed bases. The bases have been further described as under:-

- (a) Personality, Business ability and Salesmanship 20 marks
- (b) Capability to arrange finances 15 marks

(c)	Educational Qualification & general level of intelligence	20 marks
(d)	Capability to provide infrastructure (land, godown, showroom, etc.) and;	35 marks
(e)	General assessment	10 marks
	Total	100 marks

1.15 The Committee in their 22nd Report had mentioned that neither the DSBs themselves have adopted certain parameters for testing each criteria on the prescribed basis nor the Government have issued any guidelines on these. This has resulted in an abnormal situation where the assessment had been left to the total subjectivity of the Members of the Board.

CHAPTER II

ALLEGED VIOLATIONS OF GUIDELINES

As part of the examination process of the complaints the Committee notified on 27th February, 2002 in leading newspapers of the country for the information of the general public that such of the persons who had applied and/or have appeared for interview for selection after the issuance of existing guidelines of 9th October, 2000 for selection of Retail Outlets/LPG Distributorships/SKO/LDO and have complaints may send the same in writing to the Lok Sabha Secretariat giving full details of the nature of the complaints. The Committee also requested the Ministry of Petroleum and Natural Gas to send the copies of the similar complaints received by them. The Committee Secretariat received about 250 complaints across the country and about 400 complaints were passed on by the Ministry of Petroleum and Natural Gas. Thus the Secretariat scrutinised about 650 complaints and found that some of them are duplicate and vague. After segregating these, the Secretariat found that there are about 500 complaints which need to be further examined. Based upon the nature of the complaints, the Committee directed the Secretariat to examine all complaints directly related with the norms prescribed in the guidelines for evaluating the candidates. Broadly these were classified as under:-

- (i) Income
- (ii) Residence
- (iii) Multiple Dealership
- (iv) Land
- (v) Political Affiliations

2.2 The Committee decided to refer to the State Governments the names of all the beneficiaries of allotment of Retail Outlets and LPG Distributorships ascertaining from them as to how many of these have political affiliations or their income exceeded the limit prescribed in the norms.

2.3 It is important to mention that not all the States responded to these queries and some of the States who collected the information furnished the same to the Committee. As per the information received from these sources, the Committee have found that there are about 200 cases where the allottees had some sort of political affiliations. In some of the cases it was alleged that income of the allottees exceeded the limit of Rs. 2 lakh as provided in the norms.

2.4 The Sub-Committee of the Standing Committee on Petroleum & Chemicals had on-the-spot visit to some of the places of the country to hear in person the complaints of the complainants and have the fair assessment of the nature of complaints. The Committee invited about 300 complainants for apprising the Members of the Committee and out of these 180 came to inform the Committee of their part of the complaints. The

Committee after having heard these complaints found that these were of the following nature:-

- (i) That the allottees do not belong to the same district for which the allotment has been made. They have manipulated the residency certificate from the civic authorities in their favour. In one of the cases even the allottee had been living abroad for pretty long period and came to India a few months before the actual time of allotment of Retail Outlet.
- (ii) It was also brought to the notice of the Committee that the allottees were having a visibly sound business like nursing home, farm houses and their income cannot be less than Rs. 2 lakh a year as prescribed in the norms. But proper mechanism was not available with DSBs to verify the affidavits about the income.
- (iii) The third aspect of the complaints related to the possession of land. As per the norms for evaluating the candidates 35 marks were reserved for capability to provide infrastructure (land, godown, showroom, etc.).

2.5 As per the notification issued for appointment of Retail Outlets or LPG Distributorships, the candidates are required to furnish alongwith application details of land, which he or she can make available for Retail Outlet or LPG Distributorships.

2.6 The complainants alleged that though they had the piece of land registered in their name but the Dealer Selection Boards favoured the other parties who had merely given proof that they can procure the land in the same vicinity where they possess the clear titled land.

2.7 The complainants also brought to the notice of the committee where the persons who had already dealerships in their or their families name have been further favoured.

2.8 The complainants also alleged that the maximum number of the allottees selected were out of political considerations.

CHAPTER III
GRIEVANCE REDRESSAL SYSTEM

(a) Provisions as laid down in the Guidelines

The guidelines provide that;

“3.15.1 All the companies against selection of dealership/ distributorships received by MOP&NG/ Oil Company/ DSB will be referred to the concerned Chairman of the DSB.

3.15.2 The coordinator will place all such complaints/ grievances before the Chairman of the Board for his direction/ decision. The decision of the Chairman will be conveyed by the Coordinator to the concerned oil company for further inquiry/ compliance.

3.15.3 In the event of an inquiry to be conducted against the empanelled candidate(s), an officer not below the rank of General Manager of the concerned oil company will nominate 2 officers not below the rank of Chief Manager for inquiry who will submit their report within 30 days from the date of constitution of such inquiry. The oil company thereafter, will forward the inquiry report to the DSB. The Chairman in consultation with Member of DSB will examine the report with reference to the complaint and convey his directions/ order for compliance by the oil company.”

3.2 The Committee found that functioning of the Anti Adulteration Cell was not satisfactory. The Committee had recommended augmenting of staff and allowing functional autonomy to AAC for disposal of complaints. The Government informed the Committee as under:-

“The office of Director-General, Anti-Adulteration Cell, after going through the different complaints received and excluding duplicate complaints and complaints of general nature, have received 1274 complaints till 31.5.2002. Out of these, reports on 198 complaints have been forwarded to the Ministry of Petroleum and Natural Gas for further action. Out of the remaining cases, 259 and 132 complaints are under different stages of investigation by the oil marketing companies and DG, AAC respectively.”

3.3 Further clarifying about the Cell the DG – Anti-Adulteration Cell deposed before the Committee as under:-

“Sir, let me submit here that the role of the Anti-adulteration Cell is rather limited, in the sense that there are two types of complaints which we are looking into. One type of complaints is the complaints against the selected candidates. The procedure adopted by the Ministry is that those complaints will be referred to the Chairman, Dealer Selection Board and he will take a decision. If he feels that an inquiry is to be conducted, he will get an inquiry conducted by the Oil company and then he will give his findings and send the report to me. Then, with my recommendations, the case will go to the Ministry. That is one type of cases and a majority of the cases fall in that category. Right now, there are 262 such cases pending for decision by the Chairman.”

3.4 The Committee further wanted to know what was the procedure against the Chairman of the Dealer selection Board, the DG, AAG clarified:-

“Sir, that is the second category. The second category is complaints against Dealers Selection Board or the members. Those complaints are enquired by myself.”

(b) Pendency of Cases

3.5 The Committee during the course of evidence of the representatives of Ministry of Petroleum and Natural Gas also wanted to know how long these 262 complaints have been pending the DG, AAC informed:-

“These cases have been pending for quite some time. Many cases have been pending for more than 6 to 8 months.”

3.6 In reply to another query about how many cases of complaints against Chairman of Dealer Selection Boards are pending, the witness admitted as under:-

“I have 17 pending cases with me. There are some other cases which are pending with the Chairmen themselves because the starting point is the records. I have asked them that the records be sent. The records have not come. There are 74 such cases.”

3.7 The Sub-Committee further enquired for how many months these cases are pending the witness candidly admitted:-

“Some of the cases are fairly old.”

3.8 The Sub-Committee also wanted to enquire the total number of complaints received by the AAC from the Ministry. The witness clarified as under:-

“A total of 1190 complaints were received from the Ministry as on 30.4.02, 76 cases were received from different sources say from oil companies or directly. These total was 1266. After scrutinising 417 were found repetitive thus no action was taken thereon. 218 cases were returned to Ministry. Rest 631 cases are pending with us.”

3.9 The Ministry of Petroleum and Natural Gas in reply to another question in a written note (Oct. 2002) submitted the following information:-

“Of the 635 cases referred to the Director, General, Anti-Adulteration Cell (DG AAC) reports have been received in the Ministry in respect of 348 cases.”

3.10 Thereafter the Sub-Committee again held the evidence of the Ministry of Petroleum and Natural Gas (21.10.02). During the course of evidence the Sub-Committee wanted to know the pending cases. The DG (AAG) informed as under:-

“Right now after sending the cases to the Government we have 229 cases pending with oil companies.”

3.11 The Ministry of Petroleum and Natural Gas furnished (1.11.02) the following details about complaints pending with Anti-Adulteration Cell stating as under:-

(i)	Number of cases in which the DG, AAC has recommended filing/ closure of the complaint.	-	242
(ii)	Number of cases which are sub-judice	-	39
(iii)	Number of cases in which cancellation of selection has been recommended	-	27
(iv)	Number of cases referred to the Ministry for decision etc. on various grounds by the DG, AAC and the oil companies.	-	52

(c) **Constraints in disposal of complaints by AAC**

3.12 The Government also constituted a Cell in the Ministry of Petroleum & Natural Gas known as Director General – Anti-Adulteration Cell (AAC) whose job is to enquire into the complaints against the Chairman and Members of the Board. The Cell consists

of a Director General, 4 Regional Directors and 28 Investigating Officers/Intelligence Officers at the operational level. The Committee had viewed the functioning of this Cell as very important and recommended that the organisational structure of the Cell should be strengthened and that all the appointments at the Regional Director and above level should be above board and this Cell be given full functional autonomy.

3.13 During the course of evidence of the representatives of Ministry of petroleum and Natural Gas the Sub-Committee wanted to know the difficulty in fast disposal of complaints. The representative of Ministry clarified:-

“The Dealer Selection Boards are not sending records to DG, AAC.”

3.14 On being further pointed out by Sub-Committee about other factor responsible for delay in disposal of pending cases the witness submitted:-

“As far as Dr. Prasanna Kumar (DG – Anti-Adulteration Cell) is concerned, let me once again say that he has some paraphernalia which may not be as large as it should have been, but he works under some limitations. You may kindly appreciate that.”

CHAPTER IV

ALLOTMENTS, THEIR CANCELLATION AND SUBSEQUENT COURT CASES/ORDERS

During the course of examination the Sub-Committee sought details of allottees of retail outlets and LPG distributorships since October, 2000.

4.2 The Ministry of Petroleum and Natural Gas furnished a statement containing details of selection of dealers/ distributors w.e.f. 12.6.2000 containing 3859 allotments.

4.3 In April, 2002 news appeared in some of the newspapers in the country that Dealer Selection Boards in complete disregard to the objectivity of their functioning have gone out of the way to favour the political functionaries. This created a furore in media as well as in the Parliament. Consequently, the Government on 9th August, 2002 cancelled all the allotments made by various Selection Boards since January 1, 2000. In this connection the Ministry apprised the Committee in a written note as under:-

“A controversy arose in July-August, 2002 through media reports with regard to the allotments made on the recommendations of the Dealer Selection Boards (DSBs). The issue was also raised in the Parliament. The Government, after reviewing the matter and taking into account all the facts and circumstances, and in order to ensure fair play in action and in public interest, decided that:-

- (i) All allotments made with respect to petrol pumps, LPG distributorships and SKO-LDO dealerships on the recommendations of DSBs since 1st January, 2000 should be cancelled forthwith.
- (ii) All the annulled petrol pumps, LPG distributorships and SKO-LDO dealerships would be settled through auction on the basis of competitive bidding.
- (iii) The decision of annulling the allotments would not be applicable in the case of the families of Kargil martyrs who were allotted petrol pumps. LPG distributorships or SKO-LDO dealerships under the “Operation Vijay” scheme.

The Ministry, through its letter dated 9.8.2002 advised the oil companies to implement the above decision.”

4.4 These orders were challenged in various State High Courts where almost all the High Courts stayed the execution of Government's orders. Later the Central Government filed a transfer petition before the Supreme Court praying for transfer of cases from various courts to the Supreme Court.

PART II

RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

The Committee observe that their earlier Report on Evaluation of Guidelines for Dealer Selection Boards presented to Lok Sabha on 26th February, 2002 was not taken seriously by the Government. The recommendations in this Report were objective in nature and had the Government acted upon these in right earnest the scope of manipulations by the Dealer Selection Boards would have been minimal. The Committee received about 500 complaints alleging irregularities in allotment of Retail Outlets and LPG Distributorships. After examination of these complaints the Committee are of the opinion that because of the vague nature of the norms for the evaluation of the candidates, the objectivity of the Dealer Selection Boards were questioned. The Committee are of the firm opinion that fault lay with the formulation of these norms which resulted in further manipulations.

2. Having examined the nature of complaints the Committee are of the opinion that prima facie there are a number of cases which need detailed investigation. Although the Office of the Director General –Anti-Adulteration Cell had been entrusted with an additional responsibility of investigating into the complaints in details in addition to the original work assigned to them, the Committee regret to note that it has totally failed to accomplish this additional task. As a matter of fact when the Committee desired to be furnished with the details regarding complaints received by the Directorate the same was not furnished to them. The Committee now desire that the complaints received should be enquired into independently and thoroughly. The Committee do not have at their disposal any independent agency who can be assigned this task to go further into details of these complaints. The Committee, therefore, recommend that the complaints received by them should be taken over by the Ministry of Petroleum & Natural Gas with the directive that the Government should refer all these complaints to an independent investigative agency for the purpose as mentioned earlier.

The Committee wish to emphasise that the aim of the recommendation is not to malign individual or agency but to ensure objectivity of the system.

NEW DELHI
December 19, 2002
Agrahayana 28, 1924 (Saka)

MULAYAM SINGH YADAV
Chairman
Standing Committee on
Petroleum & Chemicals

MINUTES

SUB-COMMITTEE CONSTITUTED TO LOOK INTO THE COMPLAINTS ON NON-OBSERVANCE OF THE GUIDELINES LAID DOWN BY THE GOVERNMENT IN ALLOTTING RETAIL OUTLETS AND LPG DISTRIBUTORSHIPS BY DEALER SELECTION BOARDS

A SUB-COMMITTEE OF THE

STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(2002)

FIRST SITTING
(11.02.2002)

The Sub-Committee sat from 1200 hrs. to 1300 hrs.

PRESENT

Shri Shankersinh Vaghela - Convenor

Members

Lok Sabha

2. Dr. (Smt.) Chellamella Suguna Kumari
3. Shri Prabhunath Singh

Rajya Sabha

4. Shri Rajiv Ranjan Singh 'Lalan'
5. Shri Dipankar Mukherjee

Secretariat

1. Shri P.K. Grover - Director
2. Shri J.N. Oberoi - Under Secretary

At the outset, Hon'ble Convenor welcomed the Members to the sitting of the Sub-Committee and explained objective of day's meeting stating that the Standing Committee on Petroleum & Chemicals have already presented a report to Hon'ble Speaker on 28th December, 2001 regarding Evaluation of Guidelines of Dealer Selection Boards. He invited

the Members to give suggestions to decide future course of action. A Member responded that

recommendations contained in the Report were of administrative nature and needed to be implemented immediately. He suggested that Ministry of Petroleum & Natural Gas be asked to furnish Action Taken Replies within two months of the presentation of Report instead of three months as prescribed ordinarily. The Sub-Committee agreed with this suggestion.

2. The Sub-Committee decided to examine the complaints already received regarding non-observance of guidelines laid down by the Government in allotting Retail Outlets and LPG Distributorships by Dealer Selection Boards. After some deliberations, the Sub-Committee decided to ask such of the applicants who had applied for allotment of Retail Outlets / LPG Distributorships and whose interviews have already been held after issuance of guidelines of October, 2000, whether they have complaint(s) with regard to selection procedure and/or conduct of selection. The Sub-Committee decided to insert an appropriate notice in national and regional language papers for this purpose making it clear that onus of proof of complaint shall lie on complainant. Further it was decided to request Ministry of Petroleum & Natural Gas to send copies of complaints received by the Ministry and Hon'ble Minister on this subject to this Secretariat.

3. It was also decided that after examination of the complaints, the Sub-committee may select some of these for on-the-spot appraisal and authorised Hon'ble Convenor to draw up a programme.

The Sub-Committee then adjourned.

MINUTES

SUB-COMMITTEE CONSTITUTED TO LOOK INTO THE COMPLAINTS ON NON-OBSERVANCE OF THE GUIDELINES LAID DOWN BY THE GOVERNMENT IN ALLOTING RETAIL OUTLETS AND LPG DISTRIBUTORSHIPS BY DEALER SELECTION BOARDS

A SUB-COMMITTEE OF THE

**STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(2002)**

**SECOND SITTING
(02.05.2002)**

The Sub-Committee sat from 1500 hrs. to 1600 hrs.

PRESENT

Shri Shankersinh Vaghela - Convenor

Members

Lok Sabha

2. Dr. (Smt.) Chellamella Suguna Kumari
3. Shri Prabhunath Singh

Rajya Sabha

4. Shri Rajiv Ranjan Singh 'Lalan'
5. Shri Dipankar Mukherjee

Secretariat

1. Shri P.K. Grover - *Director*
2. Shri J.N. Oberoi - *Under Secretary*

Representatives of the Ministry of Petroleum & Natural Gas

1. Shri Naresh Narad - Additional Secretary
2. Shri S. Vijayaraghavan - Joint Secretary
3. Dr. G. Prasanna Kumar - Director-General, Anti-Adulteration Cell
4. Shri Mohit Sinha - Director

At the outset Hon'ble Convenor of the Sub-Committee welcomed the Members to the sitting. On behalf of the Committee and on his own behalf, he welcomed the representatives of the Ministry of Petroleum & Natural Gas. Initiating the discussion, Hon'ble Convenor observed that it was painful to note that Government have not responded positively to the recommendations of the Committee contained in their 22nd Report on Evaluation of guidelines laid down by the Government in allotting retail outlets and LPG distributorships by Dealer Selection Boards. Other Members agreed with this observation and observed that the said Report was meant for improving system for selection of retailers and distributors. But unfortunately the Government have ignored the recommendations contained in the Report. The Sub-Committee also stated that they have received a number of complaints alleging irregularities and favouritism in allotment of retail outlets and distributorships.

2. Responding to the observations of the Committee, Additional Secretary in the Ministry of Petroleum & Natural Gas stated that the 22nd Report contained 13 recommendations and out of these 9 recommendations aimed at giving full freedom to the oil companies in selecting their retailers and distributors. The Government have in principle agreed to these recommendations and have rather issued orders which would be implemented w.e.f. 1st October, 2002 when oil companies would be given full autonomy in allotment of retailers and distributors. The Sub-Committee were not satisfied at this and observed that the Government were purposely extending the period of DSBs and delaying the final decision. At this, the representative of the Ministry of Petroleum & Natural Gas stated that the Government would reconsider this matter and he would report to the Committee within a fortnight.

3. The other issues which came up during the discussion included discretionary allotments, strengthening of the Office of Director-General, Anti-Adulteration Cell, number of complaints and time taken in taking final action on them, institutional system to redress complaints of Chairmen of DSBs, role of the Anti-Adulteration Cell, adulteration in petroleum products.

4. The Sub-Committee asked the Ministry to furnish the following statements within 15 days:-

- (i) Name and addresses of the allottees who have been allotted Retail Outlets and LPG distributorships since October, 2000 till date.
- (ii) Profile of the Chairmen of the Dealer Selection Boards (DSBs).

5. The Sub-Committee also decided to undertake on-the-spot Study Tour to some State Capitals, metro cities in June, 2002 to interact with the complainants and the Members of the Dealer Selection Boards. The Sub-Committee authorised the Convenor to finalise the details of the tour in consultation with Hon'ble Chairman.

6. The verbatim record of the proceedings has been kept.

The Sub-Committee then adjourned.

MINUTES

SUB-COMMITTEE CONSTITUTED TO LOOK INTO THE COMPLAINTS ON NON-OBSERVANCE OF THE GUIDELINES LAID DOWN BY THE GOVERNMENT IN ALLOTING RETAIL OUTLETS AND LPG DISTRIBUTORSHIPS BY DEALER SELECTION BOARDS

A SUB-COMMITTEE OF THE

**STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(2002)**

**THIRD SITTING
(18.06.2002)**

The Sub-Committee sat from 1100 hrs. to 1130 hrs.

PRESENT

Shri Shankersinh Vaghela - Convenor

Members

Lok Sabha

2. Dr. (Smt.) Chellamella Suguna Kumari

Rajya Sabha

3. Shri Dipankar Mukherjee

Secretariat

1. Shri P.K. Grover - *Director*

The Sub-Committee discussed the matter relating to *complaints on non-observance of the guidelines laid down by the Government in allotting Retail Outlets and LPG Distributorships by Dealer Selection Boards*. It was observed that about 250 complaints had been received by the Committee in pursuance of the notice issued by them, apart from the complaints received through the Ministry of Petroleum & Natural Gas. The discussion, however, remained inconclusive. It was decided to hold another sitting of the Sub-Committee during the first week of July, 2002.

The Sub-Committee then adjourned.

MINUTES

SUB-COMMITTEE CONSTITUTED TO LOOK INTO THE COMPLAINTS ON NON-OBSERVANCE OF THE GUIDELINES LAID DOWN BY THE GOVERNMENT IN ALLOTING RETAIL OUTLETS AND LPG DISTRIBUTORSHIPS BY DEALER SELECTION BOARDS (DSBs).

A SUB-COMMITTEE OF THE
STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(2002)
FOURTH SITTING
(04.07.2002)

The Sub-Committee sat from 1100 hrs. to 1130 hrs.

PRESENT

Shri Shankersinh Vaghela - Convenor

Members

Lok Sabha

6. Dr. (Smt.) Chellamella Suguna Kumari
7. Shri Prabhunath Singh

Rajya Sabha

8. Shri Rajiv Ranjan Singh 'Lalan'
9. Prof. Ram Gopal Yadav

Secretariat

1. Shri P.D.T. Achary - *Additional Secretary*
2. Shri P.K. Grover - *Director*
3. Shri J.N. Oberoi - *Under Secretary*

At the outset, Hon'ble Convenor of the Sub-Committee welcomed the Members and explained the objective of day's sitting. He recalled that last meeting remained inconclusive and therefore the need arose to hold another meeting to

decide the further course of action on the pending issue. He invited the Members to give their suggestions.

2. The Sub-Committee perused the number of complaints State-wise received regarding non-observance of guidelines in the allotment of retail outlets and LPG distributorships. Some Members observed that though the basic qualification for being Chairman of Dealer Selection Boards was that person should be a Retired Judge of a High Court/Retired District Judge implying thereby that the Chairman should be impartial yet many of the persons who were appointed Chairmen had contested elections on party symbol of political parties and associated themselves with political party/parties negating the basic principle of impartiality. The Sub-Committee decided to take note of this fact and deal with it while finalising the report on the subject.

3. After some discussion, the Sub-Committee decided to refer the concerned list of allottees of retail outlets and LPG distributorships received from the Government to the Chief Secretaries of the States requesting them to furnish the following authentic information to the Secretariat within three weeks.:-

- (i) the beneficiaries social, economic and political affiliation if any;
- (ii) their domicile;
- (iii) whether convicted by court of law.

4. The Sub-Committee observed that though the nature of complaints warranted that they should visit various State capitals and metro-cities to interact with complainants and representatives of oil companies to firm up their views yet it was difficult due to volume of complaints. The Sub-Committee, therefore, decided to visit some of the places viz. Hyderabad, Ahmedabad, Mumbai, Lucknow, Patna, Delhi and Chandigarh immediately after the ensuing session of Parliament and authorised the Convenor to finalise the programme.

The Sub-Committee then adjourned.

MINUTES

SUB-COMMITTEE CONSTITUTED TO LOOK INTO THE COMPLAINTS ON NON-OBSERVANCE OF THE GUIDELINES LAID DOWN BY THE GOVERNMENT IN ALLOTING RETAIL OUTLETS AND LPG DISTRIBUTORSHIPS BY DEALER SELECTION BOARDS

A SUB-COMMITTEE OF THE

**STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(2002)**

**FIFTH SITTING
(02.08.2002)**

The Sub-Committee sat from 1500 hrs. to 1530 hrs.

PRESENT

Shri Shankersinh Vaghela - Convenor

Members

Lok Sabha

2. Dr. (Smt.) Chellamella Suguna Kumari

3. Shri Prabhunath Singh

Rajya Sabha

4. Shri Rajiv Ranjan Singh 'Lalan'

Secretariat

1. Shri P.K. Grover - *Director*

2. Shri J.N. Oberoi - *Under Secretary*

At the outset Hon'ble Convenor welcomed the Members to the sitting and explained the purpose of the day's meeting. Thereafter, he invited the Members to give their suggestions, if any, on the Draft Report being considered for adoption.

2. The Sub-Committee then considered the Draft Report on action taken by the Government on the recommendations contained in the 22nd Report (13th Lok Sabha) of the Standing Committee on Petroleum & Chemicals (2001) on '*Evaluation of Guidelines of Dealer Selection Boards (DSBs)*'.

3. After some consideration the Sub-Committee adopted the Report.

4. The Sub-Committee authorised the Convenor to finalise the Report and submit this to the Chairman for consideration by the Standing Committee on Petroleum & Chemicals.

The Sub-Committee then adjourned.

MINUTES

SUB-COMMITTEE CONSTITUTED TO LOOK INTO THE COMPLAINTS ON NON-OBSERVANCE OF THE GUIDELINES LAID DOWN BY THE GOVERNMENT IN ALLOTING RETAIL OUTLETS AND LPG DISTRIBUTORSHIPS BY STATE DEALER SELECTION BOARDS

A SUB-COMMITTEE OF THE

**STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(2002)**

**SIXTH SITTING
(21.10.2002)**

The Sub-Committee sat from 1500 hrs. to 1600 hrs.

PRESENT

Shri Dipankar Mukherjee - In the Chair

Members

Lok Sabha

2. Dr. (Smt.) Chellamella Suguna Kumari
3. Shri Prabhunath Singh

Rajya Sabha

4. Shri Rajiv Ranjan Singh 'Lalan'

Secretariat

1. Shri P.K. Grover - *Director*
2. Shri J.N. Oberoi - *Under Secretary*

Representatives of four Oil PSUs

(1) Indian Oil Corporation Ltd.

1. Sh. P.K. Agarwal - Director (Mktg.)
2. Sh. M.R. Advani - DGM (Retail)
3. Sh. Suresh Kohli - GM (LPG)

(2) Hindustan Petroleum Corporation Ltd.

1. Sh. N.K. Puri - Director (Mktg.)

(3) Bharat Petroleum Corporation Ltd.

1. Sh. S. Behuria - CMD
2. Sh. Arjun Hira - GM (Mktg. Coord.)

(4) IBP Co. Ltd.

1. Sh. Arun Jyoti - MD
2. Sh. R.S. Guha - Director (Mktg.)

3. Sh. B.B. Vohra - Executive Director
4. Sh. B.K. Khosla - Executive Director

In the absence of the Convenor, the Sub-Committee chose Shri Dipankar Mukherjee to chair the sitting under **Rule 258 (3)** of the Rules of Procedure and Conduct of Business in Lok Sabha.

2. At the outset, Hon'ble Convenor, welcomed the Members of the Sub-Committee and officials of four Oil PSUs viz. Indian Oil Corporation Ltd. (IOCL), Hindustan Petroleum Corporation Ltd. (HPCL), Bharat Petroleum Corporation Ltd. (BPCL) and IBP Co. Ltd.

3. The Sub-Committee took oral evidence of representatives of the above four Oil PSUs regarding complaints in allotment of Retail Outlets and LPG Distributorships by States' Dealer Selection Boards.

4. During the course of evidence the main issues that came up for discussions included proposed auctioning of Retail Outlets and LPG Distributorships by PSUs, reasons for delay in allotment of Retail Outlets and LPG Distributorships for marketing plan of 1980-81 and 1981-82, association of oil industry in formulating October, 2000 guidelines for allotment of Retail Outlets and LPG Distributorships particularly on increase in marks to be awarded by the Chairman of DSBs from 100 to 200 for selection of prospective candidates, mechanism available for grievance redressal for complaints in allotment and procedure for field investigation etc. On the issue of auctioning of Retail Outlets and LPG Distributorships the Sub-Committee also sought views of PSUs as also about any interactions held with Ministry of Petroleum & Natural Gas in this regard. The CMD - BPCL informed that they are not in favour of auctioning of Retail Outlets and LPG Distributorships. However, they have been asked by the Govt. to formulate modalities of auction. CMD - BPCL promised that the same would be made available to the Committee.

5. Other issue that came up for discussion was the need to have more clarity in different parameters viz. income, personality, etc. for selection of candidates based on professional approach.

6. The Sub-Committee recalled that they had visited some of the places in August 2002 and heard in person the complaints on the non-observance of guidelines in allotment of retail outlets and LPG distributorships. In this connection the Sub-Committee also observed that some Members have received complaints from States of Maharashtra and Gujarat which have not been heard. The Sub-Committee, therefore, decided that in continuation of the previous tour, Sub-Committee should visit Rajkot on 29th and 30th August 2002 and make arrangements to listen to such complaints and obtain

the viewpoints of oil industry. The Sub-Committee authorised the Convenor to finalise the programme.

The Sub-Committee then adjourned.

MINUTES

SUB-COMMITTEE CONSTITUTED TO LOOK INTO THE COMPLAINTS ON NON-OBSERVANCE OF THE GUIDELINES LAID DOWN BY THE GOVERNMENT IN ALLOTTING RETAIL OUTLETS AND LPG DISTRIBUTORSHIPS BY STATE DEALER SELECTION BOARDS

A SUB-COMMITTEE OF THE

STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(2002)

SEVENTH SITTING
(21.10.2002)

The Sub-Committee sat from 1630 hrs. to 1730 hrs.

PRESENT

Shri Dipankar Mukherjee - In the Chair

Members

Lok Sabha

2. Dr. (Smt.) Chellamella Suguna Kumari
3. Shri Prabhunath Singh

Rajya Sabha

4. Shri Rajiv Ranjan Singh 'Lalan'

Secretariat

1. Shri P.K. Grover - *Director*
2. Shri J.N. Oberoi - *Under Secretary*

Representatives of Ministry of Petroleum & Natural Gas

1. Sh. S. Vijayaraghavan- *Joint Secretary*
2. Sh. Shiv Raj Singh - *Joint Secretary*
3. Dr. G. Prasanna Kumar - *D.G. Anti-Adulteration Cell*
4. Sh. Tarun Shridhar - *Director*
5. Sh. A.K. Shrivastava - *Director*

In the absence of the Convenor, the Sub-Committee chose Shri Dipankar Mukherjee to chair the sitting under **Rule 258 (3)** of the Rules of Procedure and Conduct of Business in Lok Sabha.

2. At the outset, Hon'ble Convenor, welcomed the Members of the Sub-Committee and representatives of Ministry of Petroleum & Natural Gas to the sitting of the Sub-Committee.

3. The Sub-Committee took oral evidence of representatives of Ministry of Petroleum & Natural Gas regarding complaints in allotment of Retail Outlets and LPG Distributorships by State Dealer Selection Boards.

4. During the course of evidence the main issues that came up for discussions included possibility of manipulation of parameters for selection of candidates by vested interests, delay in allotment of Retail Outlets and LPG Distributorships for Marketing Plan finalised way back in 1980-81 and 1981-82, different criteria fixed by Government for framing of guidelines for allotment, number of complaints received in the Ministry against allotments made under these guidelines and progress of their disposal by Anti-Adulteration Cell, views of Ministry on auctioning of Retail Outlets and LPG Distributorships, etc.

5. On the issue of auctioning, the Sub-Committee were informed that PSUs have been asked to work out the modalities of auction of Retail Outlets and LPG Distributorships based on Supreme Court Order of 9th August, 2002 and a final view on the subject is yet to be taken.

The Sub-Committee then adjourned.

MINUTES

SUB-COMMITTEE CONSTITUTED TO LOOK INTO THE COMPLAINTS ON NON-OBSERVANCE OF THE GUIDELINES LAID DOWN BY THE GOVERNMENT IN ALLOTING RETAIL OUTLETS AND LPG DISTRIBUTORSHIPS BY STATE DEALER SELECTION BOARDS

A SUB-COMMITTEE OF THE

**STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(2002)**

**EIGHTH SITTING
(19.12.2002)**

The Sub-Committee sat from 1000 hrs. to 1030 hrs.

PRESENT

Shri Dipankar Mukherjee - In the Chair

Members

Lok Sabha

2. Smt. Sheela Gautam
3. Dr. (Smt.) C. Suguna Kumari

Rajya Sabha

4. Shri Rajiv Ranjan Singh 'Lalan'

Secretariat

1. Shri P.K. Grover - *Director*
2. Shri R.K. Saxena - Under Secretary

In the absence of the Convenor, the Sub-Committee chose Shri Dipankar Mukherjee to Chair the sitting under Rule 258 (3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

2. At the outset the Chair welcomed the Members to the sitting of the Committee and explained purpose of the day's sitting. Thereafter, he invited the Members to give their suggestions, if any, on the Draft Report being considered for adoption.

3. The Sub-Committee then considered the Draft Report.

4. After some consideration the Sub-Committee adopted the draft Report subject to some verbal changes. Apart from these the Sub-Committee made the following changes in Part II of the Report.

Existing lines from 3 to 9 of Para 2 of Part II (Observations/Recommendations) of the Report may be replaced with the following:-

“Although the Office of the Director General –Anti-Adulteration Cell had been entrusted with an additional responsibility of investigating into the complaints in details in addition to the original work assigned to them, the Committee regret to note that it has totally failed to accomplish this additional task. As a matter of fact when the Committee desired to be furnished with the details regarding complaints received by the Directorate the same was not furnished to them. The Committee now desire that the complaints received should be enquired into independently and thoroughly.”

6. The Sub-Committee authorised the Convenor to finalise the Report and submit this to the Chairman for consideration by the Standing Committee on Petroleum and Chemicals.

The Sub-Committee then adjourned.